

TOWN OF WOODWORTH, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 02 2013

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 2
Independent Auditors' Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	3 - 4
Required Supplemental Information (Part I) Management's Discussion And Analysis	5 - 9
Government-Wide Financial Statements	
Statement Of Net Assets	10
Statement Of Activities	11 - 12
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	13
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	16
Proprietary Funds	
Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Net Assets	18
Statement of Cash Flows	19 - 20
Notes to Financial Statements	21 - 33
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) General Fund	34
Other Supplemental Information	
Schedule of Per Diem Paid to Board Members	35
Schedule of Findings And Questioned Cost.....	36
Management's Corrective Action Plan	37
Summary of Prior Year Findings And Questioned Cost.....	38
Independent Auditors' Report On Compliance With Requirements Applicable To Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	39 - 40
Schedule of Expenditures of Federal Awards	41

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RETIRED - 2005

October 15, 2012

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
Town of Woodworth, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Woodworth, as of and for the year ended May 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Woodworth's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Woodworth, as of May 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodworth's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations*, and is also not a required part of the financial statements. The other supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respected in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2012, on our consideration of the Town of Woodworth's internal control over financial reporting and our tests of its compliance with

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Town of Woodworth

October 15, 2012

Page 2

certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rozier Harrington + McKay

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

ROZIER, HARRINGTON & MCKAY

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October 15, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Board of Aldermen
Town of Woodworth, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Woodworth, as of and for the year ended May 31, 2012, which collectively comprise the Town's financial statements and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Woodworth's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Woodworth's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

Town of Woodworth

October 15, 2012

Page 2

This report is intended solely for the information and use of management. However, this report is a matter of public record and its distribution is not limited.

Rozier Harrington & McKay

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Town of Woodworth

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2012

This section of the Town of Woodworth's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended May 31, 2012.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide financial data is presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

Town of Woodworth

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2012

	For the Year Ended May 31, 2012			For the Year Ended May 31, 2011
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 106,974	\$ 570,238	\$ 677,212	\$ 740,039
Internal Balances	150,542	(150,542)	—	—
Capital Assets	6,193,848	12,177,036	18,370,884	18,495,229
Total Assets	<u>6,451,364</u>	<u>12,596,732</u>	<u>19,048,096</u>	<u>19,235,268</u>
<u>Liabilities:</u>				
Current and Other Liabilities	206,057	309,293	515,350	3,202,115
Long-term Liabilities	2,717,090	3,984,429	6,701,519	4,115,642
Total Liabilities	<u>2,923,147</u>	<u>4,293,722</u>	<u>7,216,869</u>	<u>7,317,757</u>
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	3,416,527	8,101,874	11,518,401	11,646,898
Restricted	—	74,771	74,771	52,438
Unrestricted	111,690	126,365	238,055	218,175
Total Net Assets	<u>\$ 3,528,217</u>	<u>\$ 8,303,010</u>	<u>\$ 11,831,227</u>	<u>\$ 11,917,511</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (97.4%) is invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets (0.6%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

The remaining resources (2.0%) are unrestricted and may be used at the Town's discretion.

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

Town of Woodworth

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2012

	For the Year Ended May 31, 2012			For the Year Ended May 31, 2011
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 1,017,007	\$ 1,091,465	\$ 2,108,472	\$ 2,142,662
Operating Grants and Contributions	737,290	---	737,290	324,375
Capital Grants and Contributions	---	439,934	439,934	913,847
General Revenue:				
Property Taxes	65,911	---	65,911	69,285
Sales Taxes	223,817	---	223,817	212,258
Franchise Taxes	67,379	---	67,379	69,462
Licenses & Permits	61,673	---	61,673	73,808
Other	32,681	160	32,841	28,082
Total Revenue	<u>2,205,758</u>	<u>1,531,559</u>	<u>3,737,317</u>	<u>3,833,779</u>
Program Expenses:				
General Government	698,924	---	698,924	621,355
Public Safety				
Police Department	426,337	---	426,337	446,745
Fire Department	250,644	---	250,644	232,248
Public Works				
Streets & Drainage	810,798	---	810,798	293,826
Sanitation	115,242	---	115,242	107,912
Recreation	4,413	---	4,413	7,814
Interest on Long-Term Debt	83,703	---	83,703	43,936
Utility Service				
Natural Gas System	---	241,682	241,682	351,298
Water System	---	586,691	586,691	564,968
Sewer Collection and Treatment	---	605,167	605,167	672,558
Total Expenses	<u>2,390,061</u>	<u>1,433,540</u>	<u>3,823,601</u>	<u>3,342,660</u>
Increase in Net Assets Before Transfers and Special Items	(184,303)	98,019	(86,284)	491,119
Transfers	33,206	(33,206)	---	---
Change in Net Assets	<u>(151,097)</u>	<u>64,813</u>	<u>(86,284)</u>	<u>491,119</u>
Net Assets Beginning	3,679,314	8,238,197	11,917,511	11,426,392
Net Assets Ending	<u>\$ 3,528,217</u>	<u>\$ 8,303,010</u>	<u>\$ 11,831,227</u>	<u>\$ 11,917,511</u>

Governmental activities decreased the Town's net assets by \$151,097. The decrease is attributable to using approximately 4.1% of the Town's reserves to enhance services provided.

Town of Woodworth

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2012

Business-type activities increased the Town's net assets by \$64,813. The increase is attributable to capital contributions resulting from grants awarded for improvement to the utility system.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$206,162, which represents a decrease of \$52,982. The decrease is attributable to capital expenditures related to construction of a new municipal complex. A portion of the general fund balance totaling \$291,346 has been advanced to other funds leaving an unassigned balance of \$27,424.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

Budgets were amended in order to utilize resources that were not anticipated when the original budget was adopted.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended May 31, 2012 is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
Additions:			
New Municipal Complex	\$ 29,193	\$ —	\$ 29,193
Furnishing – Municipal Complex	63,752	—	63,752
Computer Networking	43,176	—	43,176
Replacement of Equipment	129,236	—	129,236
Water System Improvements	—	445,012	445,012
Total Additions	265,357	445,012	710,369
Depreciation	(236,465)	(598,249)	(834,714)
Net Increase (Decrease)	28,892	(153,237)	(124,345)
Beginning Capital Asset (Net)	6,164,956	12,330,273	18,495,229
Ending Capital Assets (Net)	\$ 6,193,848	\$ 12,177,036	\$ 18,370,884

Highlights of the Town's capital asset administration are provided as follows:

- Construction of the Town's new municipal complex was completed. In addition, furnishings and computer systems have been installed.
- Equipment that reached the end of its useful life due to ordinary wear has been replaced.
- Grant funds were used to complete work on extensions and enhancements to the Town's utility system.

DEBT ADMINISTRATION

New debt activity included advances of \$113,500 from bond anticipation notes to finance construction of the Town's new municipal complex and issuing \$2,725,000 in Series 2011 Public Improvement Bonds. Proceeds from the Public Improvement Bonds were used to repay the bond anticipation notes.

Remaining debt activity was limited to paying amounts contractually due on existing debt.

Town of Woodworth

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2012

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

Factors expected to have a significant impact on future operations are not anticipated at the present time.

Town of Woodworth

STATEMENT OF NET ASSETS

May 31, 2012

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 48,983	\$ 291,045	\$ 340,028
Receivables (net)	42,286	115,079	157,365
Restricted assets			
Cash and cash equivalents	-	74,771	74,771
Grant receivables	-	89,343	89,343
Other assets	15,705	-	15,705
Internal balances	150,542	(150,542)	-
Capital assets			
Non depreciable capital assets	396,702	431,644	828,346
Depreciable capital assets, net	<u>5,797,146</u>	<u>11,745,392</u>	<u>17,542,538</u>
Total assets	<u>6,451,364</u>	<u>12,596,732</u>	<u>19,048,096</u>
<u>LIABILITIES</u>			
Accounts and other payables	42,611	34,739	77,350
Accounts payable from restricted assets	-	89,343	89,343
Accrued interest payable	63,272	-	63,272
Deposits due others	8,743	93,065	101,808
Long-term liabilities			
Compensated Absences	31,200	1,413	32,613
Long-Term Debt			
Due within one year	60,231	90,733	150,964
Due in more than one year	<u>2,717,090</u>	<u>3,984,429</u>	<u>6,701,519</u>
Total liabilities	<u>2,923,147</u>	<u>4,293,722</u>	<u>7,216,869</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,416,527	8,101,874	11,518,401
Restricted:			
Debt service	-	74,771	74,771
Unrestricted	<u>111,690</u>	<u>126,365</u>	<u>238,055</u>
Total net assets (deficit)	<u>\$ 3,528,217</u>	<u>\$ 8,303,010</u>	<u>\$ 11,831,227</u>

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

STATEMENT OF ACTIVITIES

Year Ended May 31, 2012

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expenses) Revenue
<u>Governmental Activities:</u>					
General Government	\$ 698,924	\$ -	\$ -	\$ -	\$ (698,924)
Public Safety					
Police Department	426,337	877,044	19,500	-	470,207
Fire Department	250,644	-	16,950	-	(233,694)
Public Works					
Streets and Public Facilities	810,798	11,400	700,840	-	(98,558)
Sanitation	115,242	128,563	-	-	13,321
Recreation	4,413	-	-	-	(4,413)
Interest on Long-Term Debt	83,703	-	-	-	(83,703)
Total Governmental Activities	<u>2,390,061</u>	<u>1,017,007</u>	<u>737,290</u>	<u>-</u>	<u>(635,764)</u>
<u>Business-Type Activities:</u>					
Natural Gas System	241,682	194,559	-	-	(47,123)
Water System	586,691	534,257	-	87,181	34,747
Sewer Collection and Treatment	605,167	362,649	-	352,753	110,235
Total Business-Type Activities	<u>1,433,540</u>	<u>1,091,465</u>	<u>-</u>	<u>439,934</u>	<u>97,859</u>
Total	<u>\$ 3,823,601</u>	<u>\$ 2,108,472</u>	<u>\$ 737,290</u>	<u>\$ 439,934</u>	<u>\$ (537,905)</u>

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

STATEMENT OF ACTIVITIES (Continued) **Year Ended May 31, 2012**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (635,764)	\$ 97,859	\$ (537,905)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	65,911	-	65,911
Sales	223,817	-	223,817
Franchise	67,379	-	67,379
Licenses & Permits	61,673	-	61,673
Other	32,681	160	32,841
Transfers	33,206	(33,206)	-
Total General Revenues, Special Items and Transfers	484,667	(33,046)	451,621
Change in Net Assets	(151,097)	64,813	(86,284)
Net Assets Beginning	3,679,314	8,238,197	11,917,511
Net Assets Ending	\$ 3,528,217	\$ 8,303,010	\$ 11,831,227

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Balance Sheet

Governmental Funds - May 31, 2012

	General Fund	Municipal Complex Construction	Fire Department	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 30,503	\$ -	\$ 18,480	\$ 48,983
Receivables (net)	30,165	-	12,121	42,286
Interfund Receivables	291,346	-	-	291,346
Other Assets	15,705	-	-	15,705
Total assets	\$ 367,719	\$ -	\$ 30,601	\$ 398,320
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts Payable	\$ 40,206	\$ -	\$ 2,405	42,611
Deposits Due Others	8,743	-	-	8,743
Interfund Payables	-	-	140,804	140,804
Total liabilities	48,949	-	143,209	192,158
<u>Fund Balance</u>				
Nonspendable				
Long Term Advances to Other Funds	291,346	-	-	291,346
Unassigned	27,424	-	(112,608)	(85,184)
Total Fund Balances	318,770	-	(112,608)	206,162
Total Liabilities and Fund Balance	\$ 367,719	\$ -	\$ 30,601	\$ 398,320

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended May 31, 2012

Total Fund Balances - Governmental Funds	\$ 206,162
Amounts reported for governmental activities in the statement of net assets are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(2,871,793)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>6,193,848</u>
Net Assets of Governmental Activities	<u>\$ 3,528,217</u>

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Statement of Revenues, Expenditures and Changes in Fund Balance **Governmental Funds - Year Ended May 31, 2012**

	General Fund	Municipal Complex Construction	Fire Department	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 65,911	\$ -	\$ -	\$ 65,911
Sales	89,334	-	134,483	223,817
Franchise	67,379	-	-	67,379
Licenses & Permits	61,673	-	-	61,673
Charges for Services	139,963	-	-	139,963
Intergovernmental	737,290	-	-	737,290
Fines and Forfeitures	877,044	-	-	877,044
Other	28,302	-	4,379	32,681
Total Revenues	2,066,896	-	138,862	2,205,758
<u>Expenditures:</u>				
Current:				
General Government	561,853	14,367	-	576,220
Public Safety				
Police Department	391,561	-	-	391,561
Fire Department	122,351	-	85,329	207,680
Public Works				
Streets and Public Facilities	772,121	-	-	772,121
Sanitation	115,242	-	-	115,242
Recreation	2,036	-	-	2,036
Capital Expenditures	236,164	29,193	-	265,357
Debt Service	69,506	2,730,723	-	2,800,229
Total Expenditures	2,270,834	2,774,283	85,329	5,130,446
Excess (Deficiency) of Revenue Over Expenditures	(203,938)	(2,774,283)	53,533	(2,924,688)
<u>Other Financing Sources (Uses):</u>				
Debt Proceeds	-	2,838,500	-	2,838,500
Operating Transfers In	78,566	194,349	-	272,915
Operating Transfers Out	(194,349)	-	(45,360)	(239,709)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(319,721)	258,566	8,173	(52,982)
Fund Balance (Deficit) - Beginning of Year	638,491	(258,566)	(120,781)	259,144
Fund Balance (Deficit) - End of Year	\$ 318,770	\$ -	\$ (112,608)	\$ 206,162

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended May 31, 2012

Net change in fund balances of Governmental Funds	\$ (52,982)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation.	28,892
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds until payment is made.	(5,033)
Proceeds of from issuing debt are reported as other financing sources by governmental the governmental funds but are considered liabilities when reported on a government wide basis.	(2,838,500)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>2,716,526</u>
Change in net assets of governmental activities	<u>\$ (151,097)</u>

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Statement of Net Assets

Proprietary Funds - May 31, 2012

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<u>ASSETS:</u>				
Current Assets:				
Cash and cash equivalents	\$ 144,109	\$ 92,056	\$ 54,880	\$ 291,045
Receivables (net)	13,878	66,864	34,337	115,079
Interfund receivables	2,696	220,867	-	223,563
Total current assets	160,683	379,787	89,217	629,687
Restricted Assets:				
Cash and cash equivalents	-	6,214	68,557	74,771
Grant Funds Receivable	-	-	89,343	89,343
Noncurrent Assets:				
Non depreciable capital assets	-	-	431,644	431,644
Depreciable capital assets, net	811,648	4,594,332	6,339,412	11,745,392
Total assets	972,331	4,980,333	7,018,173	12,970,837
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts and other payables	3,086	29,173	2,480	34,739
Accounts payable from restricted assets	-	-	89,343	89,343
Interfund payables	207,966	-	166,139	374,105
Deposits due others	36,335	32,212	24,518	93,065
Current portion of long-term debt	-	56,379	34,354	90,733
Total current liabilities	247,387	117,764	316,834	681,985
Noncurrent Liabilities:				
Compensated absences	471	471	471	1,413
Long-term debt	-	1,263,819	2,720,610	3,984,429
Total liabilities	247,858	1,382,054	3,037,915	4,667,827
<u>NET ASSETS:</u>				
Invested in capital assets, net of related debt	811,648	3,274,134	4,016,092	8,101,874
Restricted for debt service	-	6,214	68,557	74,771
Unrestricted	(87,175)	317,931	(104,391)	126,365
Total net assets (deficit)	\$ 724,473	\$ 3,598,279	\$ 3,980,258	\$ 8,303,010

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Statement of Revenues, Expenses and Changes in Fund Net Assets **Proprietary Funds - May 31, 2012**

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<u>Operating Revenues:</u>				
Service Fees	\$ 186,261	\$ 497,679	\$ 325,893	\$ 1,009,833
Other	8,298	36,578	36,756	81,632
Total Operating Revenues	194,559	534,257	362,649	1,091,465
<u>Operating Expenses:</u>				
Purchases (Gas and Water)	81,132	90,392	-	171,524
Salaries and Benefits	40,830	40,822	40,796	122,448
Legal and Professional	8,807	11,800	11,967	32,574
Repairs & Maintenance	7,618	52,085	23,552	83,255
Supplies & Chemicals	14,846	38,867	65,102	118,815
Utilities	1,662	19,550	31,223	52,435
Permits and Testing	3,850	2,007	8,617	14,474
Depreciation	69,156	239,905	289,188	598,249
Other	13,781	35,513	11,956	61,250
Total Operating Expenses	241,682	530,941	482,401	1,255,024
Operating Income (Loss)	(47,123)	3,316	(119,752)	(163,559)
<u>Nonoperating Revenues (Expenses):</u>				
Interest Revenue	126	-	34	160
Interest Expense	-	(55,750)	(122,766)	(178,516)
Change in Net Assets Before Contributions and Transfers	(46,997)	(52,434)	(242,484)	(341,915)
<u>Contributions and Transfers:</u>				
Capital Contributions	-	87,181	352,753	439,934
Operating Transfers Out	(11,069)	(11,069)	(11,068)	(33,206)
Change in net assets	(58,066)	23,678	99,201	64,813
Total net assets - beginning	782,539	3,574,601	3,881,057	8,238,197
Total net assets - ending	\$ 724,473	\$ 3,598,279	\$ 3,980,258	\$ 8,303,010

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2012

	Business-Type Activities - Enterprise Funds			
	Natural Gas System	Water System	Sewer System	Total
<u>Cash flow from operating activities:</u>				
Cash received from customers	\$ 207,019	\$ 534,431	\$ 364,386	\$ 1,105,836
Cash payments to suppliers of goods and services	(134,021)	(229,754)	(151,122)	(514,897)
Cash payments to employees for services	(40,553)	(40,545)	(40,520)	(121,618)
Net cash provided (used) by operating activities	32,445	264,132	172,744	469,321
<u>Cash flows from non-capital financing activities:</u>				
Change in interfund balances	3,765	(150,811)	14,883	(132,163)
Operating transfers out	(11,069)	(11,069)	(11,068)	(33,206)
Net cash provided (used) by non-capital financing activities	(7,304)	(161,880)	3,815	(165,369)
<u>Cash flows from capital and related financing activities:</u>				
Capital expenditures	-	(116,746)	(263,409)	(380,155)
Capital grant proceeds	-	111,668	263,409	375,077
Principle paid on revenue bonds	-	(49,590)	(32,861)	(82,451)
Interest paid on debt instruments	-	(55,750)	(122,766)	(178,516)
Net cash provided (used) by capital and related financing activities	-	(110,418)	(155,627)	(266,045)
<u>Cash flows from investing activities:</u>				
Interest and other income	126	-	34	160
Net cash provided (used) by investing activities	126	-	34	160
Net increase (decrease) in cash	25,267	(8,166)	20,966	38,067
Beginning cash balance	118,842	106,436	102,471	327,749
Ending cash balance	144,109	98,270	123,437	365,816
Restricted cash and cash equivalents	-	6,214	68,557	74,771
Cash and cash equivalents	\$ 144,109	\$ 92,056	\$ 54,880	\$ 291,045

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended May 31, 2012

	Business-Type Activities - Enterprise Funds			
	Natural Gas	Water	Sewer	Total
	System	System	System	
<u>Reconciliation of operating income (loss)</u>				
<u>to net cash provided (used) by operating</u>				
<u>activities</u>				
Operating income (loss)	\$ (47,123)	\$ 3,316	\$ (119,752)	\$ (163,559)
Adjustments to reconcile operating income to net cash				
provided by operating activities:				
Depreciation	69,156	239,905	289,188	598,249
(Increase) decrease in accounts receivable	8,020	(3,342)	(2,014)	2,664
(Decrease) increase in accounts and other				
payables	(2,325)	20,460	1,295	19,430
(Decrease) increase in meter deposits	4,440	3,516	3,751	11,707
(Decrease) increase in compensated absences	277	277	276	830
Net cash provided (used) by operating activities	<u>\$ 32,445</u>	<u>\$ 264,132</u>	<u>\$ 172,744</u>	<u>\$ 469,321</u>

Supplemental disclosures of cash flow information:

During the year ended May 31, 2012, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

Town of Woodworth

Notes To Financial Statements

May 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Woodworth (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The Town also operates a natural gas distribution system, a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Town of Woodworth for financial reporting purposes. Based on these criteria the Town has no potential component units. The criteria considered are listed as follows:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Town of Woodworth

Notes To Financial Statements

May 31, 2012

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Governmental Funds

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Municipal Complex Construction – A capital projects fund has been established to account for activity related to the construction of the Town's new municipal complex.

Fire Department – A special revenue fund used to account for tax revenue dedicated to fire protection.

Major Business-Type Funds

Natural Gas System – Used to account for natural gas distribution, which is supported by user charges.

Water System – Used to account for water distribution, which is supported by user charges.

Sewer System – Used to account for sewer collection and treatment, which is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis Of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Town of Woodworth

Notes To Financial Statements

May 31, 2012

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Inventory

Inventory consists entirely of fuel purchased in bulk. Inventory is stated at the lower of cost or market. Cost is determined based on the first-in first-out method of identifying inventory.

Town of Woodworth

Notes To Financial Statements

May 31, 2012

Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Compensated Absences

Full time employees earn vacation at rates ranging from 10 to 20 days per year depending on length of service. Unused vacation that employees are allowed to carry forward is reported as a liability. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

Use of Estimates:

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

At May 31, 2012, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 48,858	\$ 365,646	\$ 414,504
Cash on Hand	125	170	295
Total Cash	48,983	365,816	414,799
Restricted Cash	---	74,771	74,771
Cash and Cash Equivalents	<u>\$ 48,983</u>	<u>\$ 291,045</u>	<u>\$ 340,028</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2012, the Town has \$414,504 in deposits (\$483,457 collected bank balance). These deposits are secured from risk by federal deposit insurance.

Town of Woodworth

Notes To Financial Statements

May 31, 2012

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended May 31, 2012 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ 21,599	\$ 135,411	\$ 157,010
Other	115	668	783
Allowance for Doubtful Accounts	(3,000)	(21,000)	(24,000)
Total Accounts Receivable	<u>18,714</u>	<u>115,079</u>	<u>133,793</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	19,218	—	19,218
Grant Reimbursement	—	89,343	89,343
Other	4,354	—	4,354
Total Due From Other Governments	<u>23,572</u>	<u>89,343</u>	<u>112,915</u>
Total Receivables	42,286	204,422	246,708
Restricted Grants Receivable	—	89,343	89,343
Receivables (Net)	<u>\$ 42,286</u>	<u>\$ 115,079</u>	<u>\$ 157,365</u>

NOTE 4 - CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	Non Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Land	\$ 396,702	\$ —	\$ —	\$ 396,702
Construction in Process	3,154,214	29,193	3,183,407	—
Total Governmental Activities	<u>\$ 3,550,916</u>	<u>\$ 29,193</u>	<u>\$ 3,183,407</u>	<u>\$ 396,702</u>
<u>Business-Type Activities</u>				
Water System				
Construction in Process	\$ 1,915,791	\$ 445,011	\$ 2,008,049	\$ 352,753
Sewer System				
Land	78,891	—	—	78,891
Total Business-Type Activities	<u>\$ 1,994,682</u>	<u>\$ 445,011</u>	<u>\$ 2,008,049</u>	<u>\$ 431,644</u>

Town of Woodworth

Notes To Financial Statements

May 31, 2012

	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Buildings and Improvements	\$ 2,609,954	\$ 3,183,408	\$ ---	\$ 5,793,362
Furniture, Fixtures and Equipment	1,526,874	236,164	218,232	1,544,806
Infrastructure	598,516	---	---	598,516
Accumulated Depreciation	(2,121,304)	(236,466)	(218,232)	(2,139,538)
Total Governmental Activities	\$ 2,614,040	\$ 3,183,106	\$ ---	\$ 5,797,146
Business-Type Activities				
Natural Gas System				
Buildings and Improvements	\$ 49,984	\$ ---	\$ ---	\$ 49,984
Furniture, Fixtures and Equipment	129,890	---	---	129,890
Natural Gas System	1,630,012	---	---	1,630,012
Accumulated Depreciation	(929,082)	(69,156)	---	(998,238)
Total Natural Gas System	880,804	(69,156)	---	811,648
Water System				
Buildings and Improvements	46,017	---	---	46,017
Furniture, Fixtures and Equipment	176,835	---	---	176,835
Water System	4,519,020	2,008,049	---	6,527,069
Accumulated Depreciation	(1,915,685)	(239,904)	---	(2,155,589)
Total Water System	2,826,187	1,768,145	---	4,594,332
Sewer System				
Buildings and Improvements	178,788	---	---	178,788
Furniture, Fixtures and Equipment	135,311	---	---	135,311
Sewer System	7,995,166	---	---	7,995,166
Accumulated Depreciation	(1,680,665)	(289,188)	---	(1,969,853)
Total Sewer System	6,628,600	(289,188)	---	6,339,412
Total Business-Type	\$ 10,335,591	\$ 1,409,801	\$ ---	\$ 11,745,392

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Police Department	\$ 34,552	\$ ---	\$ 34,552
Fire Department	40,371	---	40,371
Streets and Public Facilities	37,597	---	37,597
General Government	121,569	---	121,569
Recreation	2,377	---	2,377
Natural Gas System	---	69,156	69,156
Water System	---	239,904	239,904
Sewer System	---	289,188	289,188
Total Depreciation Expense	\$ 236,466	\$ 598,248	\$ 834,714

Town of Woodworth

Notes To Financial Statements

May 31, 2012

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

	Governmental Activities	Business-Type Activities	Total
Payable to Vendors	\$ 40,541	\$ 31,575	\$ 72,116
Payable Under Construction Contracts	----	75,073	75,073
Retainage Payable Under Contractual Arrangements		14,271	14,271
Other	2,070	3,163	5,233
Total	42,611	124,082	166,693
Payables From Restricted Assets	----	89,343	89,343
Accounts and Other Payables	\$ 42,611	\$ 34,739	\$ 77,350

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities attributable to the acquisition of the Town's utility system and the operation of the utility system are reported as an obligation of the Town's business-type enterprise funds. Remaining long-term liabilities are reported as governmental activities. The Town's long-term liabilities are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Compensated Absences	\$ 31,200	\$ 1,413	\$ 32,613
Long-Term Debt	2,777,321	4,075,162	6,852,483
Total Long-Term Liabilities	\$ 2,808,521	\$ 4,076,575	\$ 6,885,096

Payments to employees for compensated absences are typically made from the fund are funds that provide the employees ordinary compensation. Details regarding the Town's long-term debt are provided as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Long-Term Debt</u>			
Promissory Notes	\$ 52,321	\$ 214,472	\$ 266,793
Public Improvement Bonds	2,725,000	---	2,725,000
Revenue Bonds	----	3,860,690	3,860,690
Total Long-term Debt	2,777,321	4,075,162	6,852,483
Due Within One Year	60,231	90,733	150,964
Due in More Than One Year	\$ 2,717,090	\$ 3,984,429	\$ 6,701,519

Long-term debt activity during the year ended May 31, 2012 is summarized as follows:

Town of Woodworth

Notes To Financial Statements

May 31, 2012

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Promissory Notes	\$ 89,068	\$ —	\$ 36,747	\$ 52,321
Public Improvement Bonds	—	2,725,000	—	2,725,000
	<u>89,068</u>	<u>2,725,000</u>	<u>36,747</u>	<u>2,777,321</u>
<u>Business-Type Activities</u>				
Promissory Notes	251,783	—	37,311	214,472
Revenue Bonds	3,905,830	—	45,140	3,860,690
Total Business-Type Activities	<u>4,157,613</u>	<u>—</u>	<u>82,451</u>	<u>4,075,162</u>
Total Long-term Debts	<u>\$ 4,246,681</u>	<u>\$ 2,725,000</u>	<u>\$ 119,198</u>	<u>\$ 6,852,483</u>

Promissory Notes

The Town has issued promissory notes which are secured by and payable from a pledge of certain excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Promissory notes outstanding at May 31, 2012 are described as follows:

\$350,000 promissory note dated September 12, 2007 and bearing interest at a rate of 4.5%. The promissory note is payable in 120 monthly installments of \$3,627 beginning October 13, 2007. The final installment is scheduled for September 13, 2017 but due the voluntary prepayment of principal, the promissory note is expected to be repaid prior to the original maturity. The promissory note is secured by a pledge of the Town's excess revenues.

\$ 52,321

\$420,000 promissory note dated December 14, 2006 and bearing interest at a rate of 4.75%. The promissory note is payable in 120 monthly installments of \$4,403 beginning February 5, 2007. The final installment is scheduled for January 5, 2017 but due the voluntary prepayment of principal, the promissory note is expected to be repaid prior to the original maturity. The promissory note is secured by a pledge of excess revenue from the Town's water system.

214,472

Total Promissory Notes

\$ 266,793

Public Improvement Bonds

The Town has issued public improvement bonds to finance construction of it Municipal Complex. Public improvement bonds outstanding at May 31, 2012 are described as follows:

\$2,725,000 Public Improvement Bonds Series 2011, bearing interest at a rate of 3.75%. The bond is payable in 480 monthly installments of principal and interest totaling \$11,096. Final maturity is scheduled for October, 2051, unless the Town elects to redeem the bonds prior to maturity.

\$ 2,725,000

Town of Woodworth

Notes To Financial Statements

May 31, 2012

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at May 31, 2012 are described as follows:

\$647,000 Sewer Revenue Bond Series 2001, bearing interest at a rate of 4.75%. The bond is payable in 480 monthly installments of principal and interest totaling \$3,073. Final maturity is scheduled for March, 2042, unless the Town elects to redeem the bonds prior to maturity.	\$	585,823
\$2,231,000 Sewer Revenue Bond Series 2008, bearing interest at a rates ranging from 4.25% to 4.375%. The bond is payable in 480 monthly installments of principal and interest totaling \$9,896. Final maturity is scheduled for September, 2048 unless the Town elects to redeem the bonds prior to maturity.		2,169,141
\$1,121,000 Water Revenue Bonds Series 2010, bearing interest at a rate of 4.00%. The bond is payable in 480 monthly installments of principal and interest totaling \$4,742. Final maturity is scheduled for February, 2050, unless the Town elects to redeem the bonds prior to maturity.		1,105,726
Total Revenue Bonds	\$	3,860,690

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 60,231	\$ 163,122	\$ 223,353	\$ 90,733	\$ 174,639	\$ 265,372
2014	42,423	101,032	143,455	94,932	170,440	265,372
2015	33,362	99,730	133,092	99,327	166,046	265,373
2016	34,634	98,458	133,092	103,925	161,448	265,373
2017	35,956	97,136	133,092	83,006	156,880	239,886
2018 - 2022	201,432	464,028	665,460	319,621	743,027	1,062,648
2023 - 2027	242,902	422,558	665,460	396,866	665,781	1,062,647
2028 - 2032	292,910	372,550	665,460	492,857	569,789	1,062,646
2033 - 2037	353,214	312,246	665,460	612,166	450,481	1,062,647
2038 - 2042	425,932	239,528	665,460	746,711	302,272	1,048,983
2043 - 2047	513,622	151,838	665,460	733,524	144,727	878,251
2048 - 2052	540,703	46,832	587,535	301,494	13,320	314,814
Total	<u>\$ 2,777,321</u>	<u>\$ 2,569,058</u>	<u>\$ 5,346,379</u>	<u>\$ 4,075,162</u>	<u>\$ 3,718,850</u>	<u>\$ 7,794,012</u>

NOTE 7 - TAXES:

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are

Town of Woodworth

Notes To Financial Statements

May 31, 2012

assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed by the Town's General Fund.

Sales Taxes:

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. For the year ended May 31, 2012 the Town has levied sales taxes described as follows:

- A 1% sales and use tax for acquiring, constructing, improving, maintaining and operating the Village's fire protection facilities vehicles and equipment, including the payment of salaries, insurance and other expenses of the fire department. Since revenue from this source is subject to various restrictions, it is reported in a special revenue fund.
- The Town is also entitled to receive a portion of a parish wide sales tax. Since the parish wide tax is unrestricted, its proceeds are reported as revenue by the general fund.

NOTE 8- RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9 – RESTRICTIONS AND COMMITMENTS

Details regarding limitations imposed on the use of various resources are summarized as follows:

Long Term Advances

A portion of the General Fund's assets have been advanced to utility funds and repayment is not anticipated in the near future. Since these resources are not available to finance current expenditures, a portion of the general fund balance is reported as non-spendable.

Debt Service

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants. Amounts on deposit in these accounts are reported as restricted cash. In addition, the corresponding amounts of net assets are also presented as restricted net assets by the applicable funds.

NOTE 10 – PENSION PLANS

Substantially all Town employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Information regarding each plan is presented as follows:

Municipal Employees' Retirement System of Louisiana:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over

Town of Woodworth

Notes To Financial Statements

May 31, 2012

the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy - Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 16.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

Municipal Police Employees' Retirement System of Louisiana

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for the year.

NOTE 11 – INTERNAL BALANCES

In some cases resources available in particular funds have been used to supplement the operations of other funds. Internal receivables and payables have arisen as a result of these transactions. These internal balances are summarized as follows:

Town of Woodworth

Notes To Financial Statements

May 31, 2012

	Interfund Receivables	Interfund Payables	Net
<u>Governmental Funds</u>			
General Fund	\$ 291,346	\$ ----	\$ 291,346
Fire Department Fund	----	140,804	(140,804)
Total Governmental Funds	<u>291,346</u>	<u>140,804</u>	<u>150,542</u>
<u>Business Type Funds</u>			
Natural Gas System	2,696	207,966	(205,270)
Water System	220,867	----	220,867
Sewer System	----	166,139	(166,139)
Total Business Type Funds	<u>223,563</u>	<u>374,105</u>	<u>(150,542)</u>
Total	<u>\$ 514,909</u>	<u>\$ 514,909</u>	<u>\$ ----</u>

NOTE 12 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds to utilize resources where needed. Transfers during the year ended May 31, 2012 are summarized as follows:

	Operating Transfers In	Operating Transfers Out	Net
<u>Governmental Funds</u>			
General Fund	\$ 78,566	\$ 194,349	\$ (115,783)
Municipal Complex Construction	194,349	----	194,349
Fire Department Fund	----	45,360	(45,360)
Total Governmental Funds	<u>272,915</u>	<u>239,709</u>	<u>33,206</u>
<u>Business Type Funds</u>			
Natural Gas System	----	11,069	(11,069)
Water System	----	11,069	(11,069)
Sewer System	----	11,068	(11,068)
Total Business Type Funds	<u>----</u>	<u>33,206</u>	<u>(33,206)</u>
Total	<u>\$ 272,915</u>	<u>\$ 272,915</u>	<u>\$ ----</u>

NOTE 13 - CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at May 31, 2012 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Town of Woodworth

Notes To Financial Statements

May 31, 2012

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 14 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 19,500
Fire Department	<u>16,950</u>
Total	<u>\$ 36,450</u>

Town of Woodworth

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended May 31, 2012

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>Revenues:</u>				
Taxes	\$ 317,241	\$ 306,967	\$ 222,624	\$ (84,343)
Licenses & Permits	135,000	137,061	61,673	(75,388)
Charges for Services	118,536	212,385	139,963	(72,422)
Intergovernmental	268,000	720,779	737,290	16,511
Fines and Forfeitures	525,000	771,441	877,044	105,603
Other	20,195	17,440	28,302	10,862
Total Revenues	1,383,972	2,166,073	2,066,896	(99,177)
<u>Expenditures:</u>				
Current:				
General Government	438,130	546,534	561,853	(15,319)
Public Safety				
Police Department	343,179	473,487	391,561	81,926
Fire Department	131,289	174,279	122,351	51,928
Public Works				
Streets and Drainage	160,350	805,373	772,121	33,252
Sanitation	107,563	123,141	115,242	7,899
Recreation	7,200	2,236	2,036	200
Capital Expenditures	-	-	236,164	(236,164)
Debt Service	-	-	69,506	(69,506)
Total Expenditures	1,187,711	2,125,050	2,270,834	(145,784)
Excess (Deficiency) of Revenue Over Expenditures	196,261	41,023	(203,938)	(244,961)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	2,084	96,179	78,566	(17,613)
Operating Transfers Out	-	-	(194,349)	(194,349)
Excess (Deficiency) of Revenues and Other Sources				
Over Expenditures and Other Uses	198,345	137,202	(319,721)	(456,923)
Fund Balance (Deficit) - Beginning of Year	638,491	638,491	638,491	-
Fund Balance (Deficit) - End of Year	\$ 836,836	\$ 775,693	\$ 318,770	\$ (456,923)

Town of Woodworth

Schedule of Compensation Paid to Board Members **For the year ended May 31, 2012**

David Butler	\$ 55,800
Charles Reich	5,400
Jacqueline Butler	4,950
Jammie S. Cranford	4,950
Michael R. Doiron	5,400
Tommy Melder	5,400
	<hr/>
Total Compensation	<u>\$ 81,900</u>

TOWN OF WOODWORTH

Summary of Findings and Questioned Cost **May 31, 2012**

PART I - SUMMARY OF AUDITOR'S RESULTS

- The Independent Auditor's Report on the financial statements for the Town of Woodworth as of May 31, 2012 and for the year then ended expressed an unqualified opinion.
- No deficiencies in internal control were reported in connection with the audit.
- An instances of noncompliance material to the financial statements of the Town of Woodworth was disclosed during the audit.
- No deficiencies in internal control over major federal award programs were disclosed during the audit. Accordingly, there were no material weaknesses applicable to major federal award programs.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133, expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned cost in connection with Federal Programs.
- Major programs for the year ended May 31, 2012 are presented as follows:

United States Department of Agriculture

CFDA No. 10.766 – Community Facility Loans and Grants (ARRA)

United States Department of Housing and Urban Development

CFDA No. 14.228 – Community Development Block Grant

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of Woodworth was not considered to be a low risk auditee as defined by the OMB Circular A-133

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2012-1: Budget Variances

Unfavorable variances between actual amounts reported by the General Fund and amounts appearing in the General Fund's amended budget exceeded limits permitted by State Law.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

None

TOWN OF WOODWORTH

Management's Corrective Action Plan

May 31, 2012

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>2012-1: Budget Variances</u> Unfavorable variances between actual amounts reported by the General Fund and amounts appearing in the General Fund's amended budget exceeded limits permitted by State Law.	<u>2012-1: Budget Variances</u> In the past, the size of our staff has been limited by an absence of available workspace and computer capacity. This matter has been resolved by the recent completion of our new Municipal Complex and installation of a computer network. Furthermore, we have added additional administrative staff that will allow more effecting management of the clerical workload. In the future, this additional capacity will allow the administration monitor budget variances in a timely manner and avoid unfavorable results.
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>
<u>SECTION III</u> MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>

TOWN OF WOODWORTH

Summary of Prior Year Findings and Questioned Cost May 31, 2012

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>2011-1: Bank Reconciliation</u> The Town has approximately thirty (30) bank accounts that have been opened for various purposes. In order to provide management with accurate financial information to conduct the Town's affairs, each account should be reconciled on a regular basis and all transactions should be reported on the Town's accounting system. At year end, balances for several of the bank accounts were incorrectly reported. Further consideration has indicated that the workload assigned to members of the administrative staff has contributed to this situation. Due to an absence of available time, reporting of bank transactions has not received sufficient attention. In order to resolve this matter, we recommend recruiting additional bookkeeping personnel to provide sufficient resources for adequate financial reporting.	<u>Resolved</u> The Town has added to its administrative staff allow bank account reconciliations to receive sufficient attention. As a result, there were no significant problems with bank account reconciliations.
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>
<u>SECTION III</u> MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA
RETIRED - 2005

October 15, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Town of Woodworth
Woodworth Louisiana

COMPLIANCE

We have audited the Town of Woodworth's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Woodworth's major federal programs for the year ended May 31, 2012. The Town of Woodworth's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Town of Woodworth's management. Our responsibility is to express an opinion on Town of Woodworth's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Woodworth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Woodworth's compliance with those requirements.

In our opinion, Town of Woodworth, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of the Town of Woodworth, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Woodworth's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Woodworth's internal control over compliance.

-Members-
American Institute of Certified Public Accountants • Society of Louisiana, CPAs

Town of Woodworth

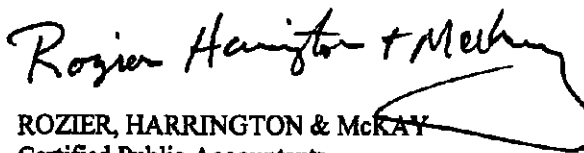
October 15, 2012

Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Town of Woodworth

Schedule of Expenditures of Federal Awards For the Year Ended May 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Expenditures
United States Department of Agriculture		
Direct Program		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 87,181
ARRA - Community Facility Loans and Grants	10.766	<u>2,725,000</u>
Total Department of Agriculture		<u>2,812,181</u>
United States Department of Housing and Urban Development		
Passed Through Louisiana Office of Community Development		
Community Development Block Grant	14.228	<u>352,752</u>
Total Department of Homeland Security		<u>352,752</u>
Total Federal Awards		<u>\$ 3,164,933</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles. See Note 1 of the accompanying financial statements for further details.